

# Linking Village Farmers and Entrepreneurs to Markets



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# Indonesia's current context



# Globally Competitive Agriculture



**Largest oil palm producer**



**Third largest Rice producer**



**Third largest Cassava producer**



**Largest coconut producer**



**Third largest Coffee producer**



**Eighth largest peanut producer**



**Largest beef producer in EAP**



**Third largest Cocoa producer**



**Largest fruit crop in the country**



# Opportunities: Diversification in Agricultural Production



Cereal 92 mill tones



Vegetables 8 mill tones



Cocoa 350,000 tones



Fruits 18 mill tones



Palm and palm oil  
162 million



Fish 14 mill tones



# Opportunities: Diversification in Agriculture Value Chain



Commercial millers  
and food processors



Packagers of produce for  
National and international  
markets



Wholesalers, aggregating  
produce from a number of  
small-scale farmers



Transport providers



Farm equipment and fuel suppliers



# Rural Non Farm sector

- **Tourism**
- **Food & Beverages**
- **Textile & Garment**
- **Footwear**



# Lessons from Global Experiences

## - **Five Models** for Linking Village Farmers and Entrepreneurs to Markets



## 5 models for Linking Village Farmers/Entrepreneurs to Market

Model 1: Producer Organization to Producer Company



Model 2: Producer Organization to Productive Alliance



Model 3: Rural Livelihoods Enhancement



Model 4: Rural entrepreneurship



Model 5: Village e-commerce model



## Model I: Producer Organization to Producer Companies

- ▶ **Producer Organization:** Producers aggregated into their institutions
- ▶ **Producer Owned and managed Companies:** Producer Organization with Business Orientation.

## Case: Producer Organization to Producer Companies

**India- Amul:** world's largest farmers' own dairy cooperative

Annual turnover **US\$ 3.4 billion** (2014-15)

**3.37 million** milk producer members.



# Model 2: Producer Organization to Productive Alliance





## Case: Producer Organization to Productive Alliance

Beneficiary smallholder households: **212,000**

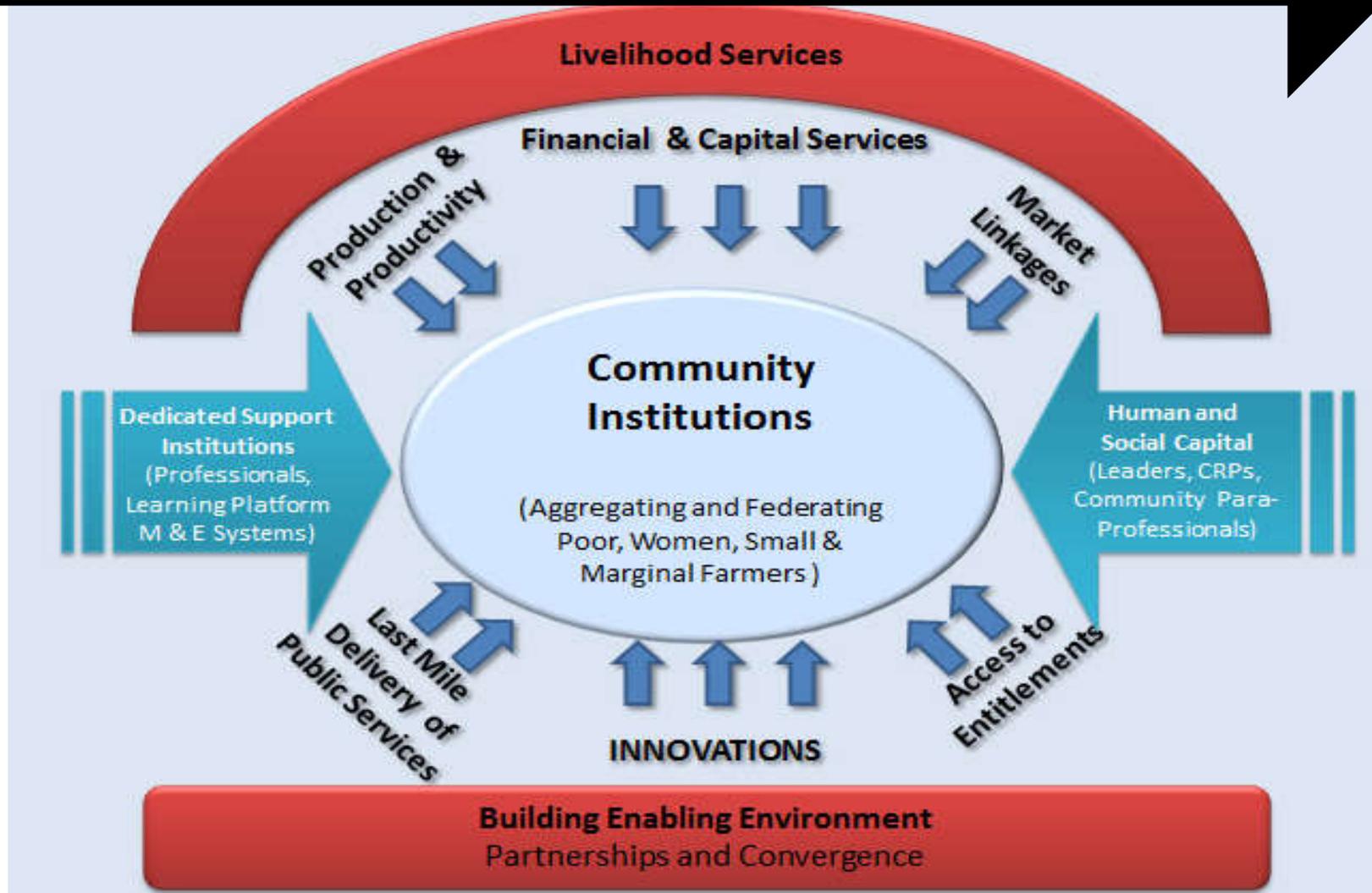
Productive alliances financed: **5459.**

Number of countries: **11**

Total Funding: > **US\$ 1 billion**



# Model 3: Rural Livelihoods through Financial Inclusion and Livelihoods development



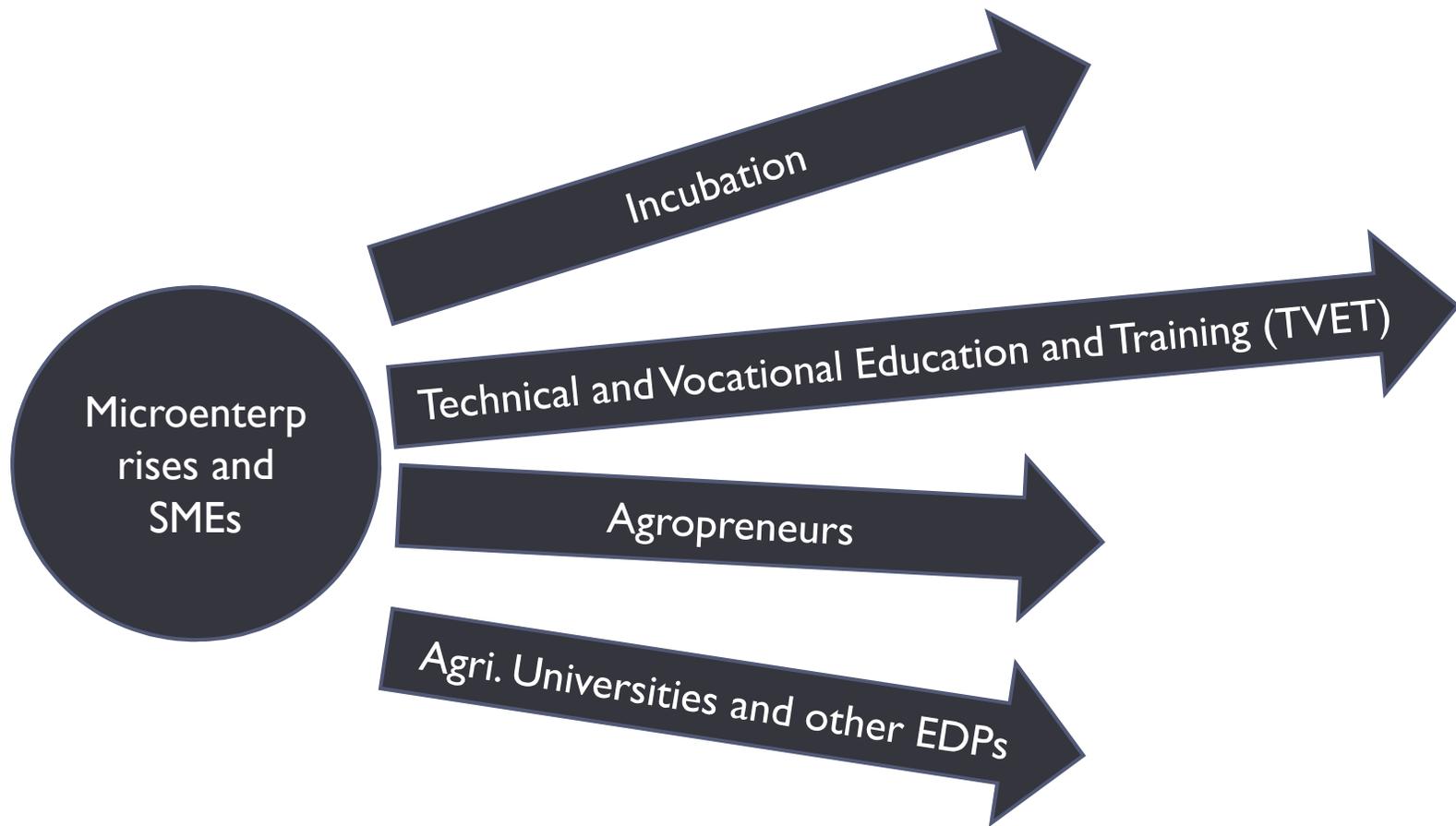


## Case: Rural Livelihoods through Financial Inclusion and Livelihoods development

### ▶ India

- ▶ **250 million** poor women mobilized;
- ▶ **US\$ 1.5 billion** saving;
- ▶ **US\$ 25 billion** credit flow from commercial banks;
- ▶ **US \$ 5 billion** Annual Turnover of Enterprise

# Model 4: Rural entrepreneurship development





## Case: Rural Entrepreneurship Development

- ▶ **Various enterprises developed in 20 countries**
- ▶ **1 million micro enterprises**
- ▶ **150,000 SMEs**
- ▶ **More than 2 million jobs for youth**

## Model 5: Village E-commerce

### Taobao Villages in China

**780** Taobao Villages  
**200,000+** active online sellers

**17** provinces and municipalities

**71** Taobao Towns

**25** Taobao Village Clusters

<https://world.taobao.com/>



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## Lessons from Global Experiences

- **10 key principles** for Successes in Linking Village Farmers and Entrepreneurs to Markets



# 10 Key Principles for successful programs

1. Aggregation
2. Strong economic mobilization as basis
3. Social and Economic Differentiation





# 10 Key Principles for successful programs

- 4. Economic clusters as unit of intervention (not necessarily village)
- 5. Market Driven
- 6. Investments in Public and Private Goods in Complementary Manner





# 10 Key Principles for successful programs

7. Public-Private Partnerships

8. Brokerage

9. Producer/Entrepreneur Owned and Managed  
Businesses and Enterprises

10. Leverage Financial Sector/Rural Financial Services





**So... what are the implications for Indonesian context?**



## **Investment in local economic development-Moving forward in Indonesia**

- ▶ Invest in aggregation. Build on existing farmer and producer groups
- ▶ Work on economic clusters. These can be across villages
- ▶ Find market opportunities in agriculture and non farm sector
- ▶ Link buyers and producers and facilitate productive alliances
- ▶ Support business plans



## **Investment in local economic development-Moving forward in Indonesia**

- ▶ Invest in complementary productive infrastructure through village funds
- ▶ Develop a public private partnership platform
- ▶ Measure economic and business performance of the local economic development projects and scale up approaches which have worked.



# Thanks....

▶ Open to questions....